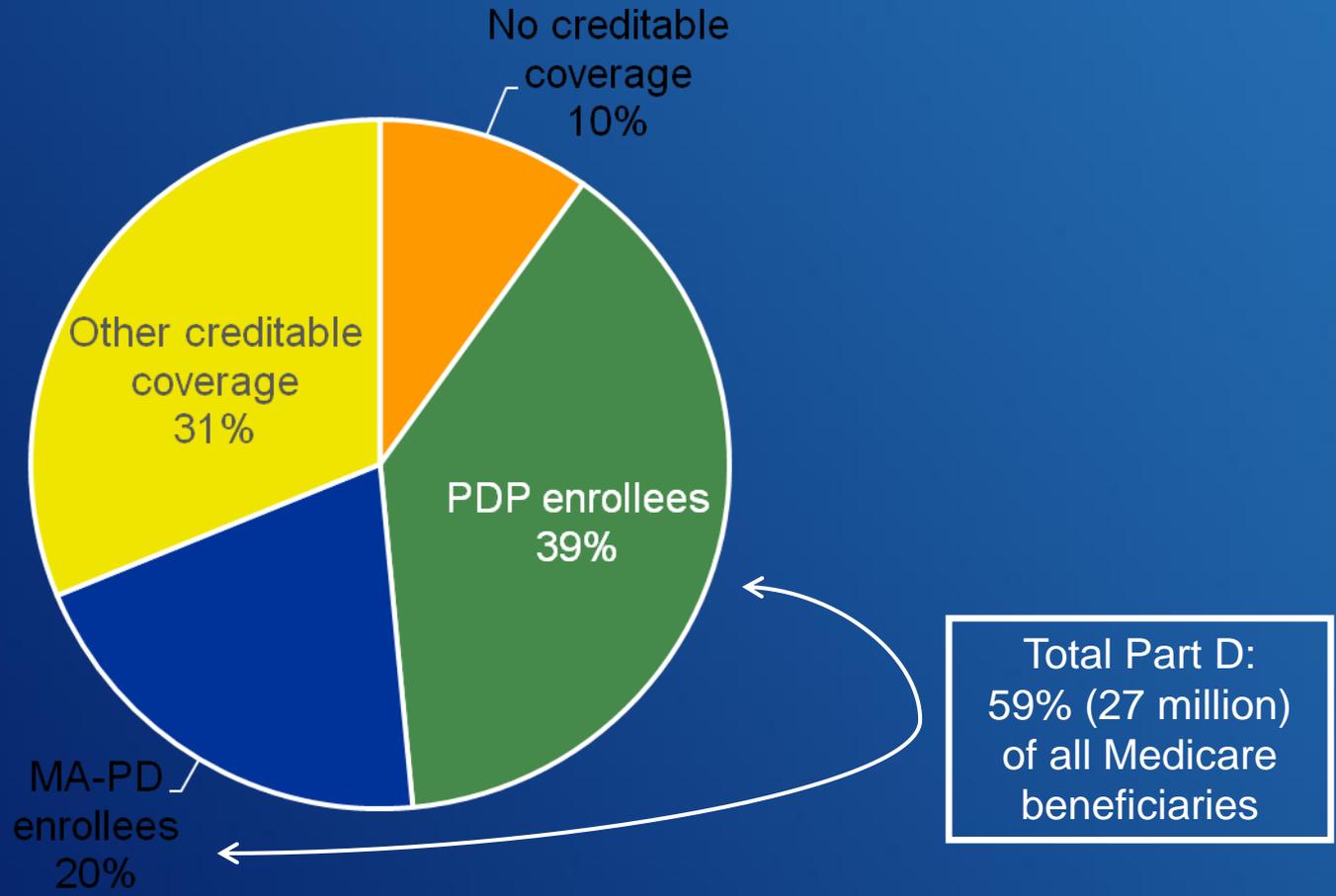


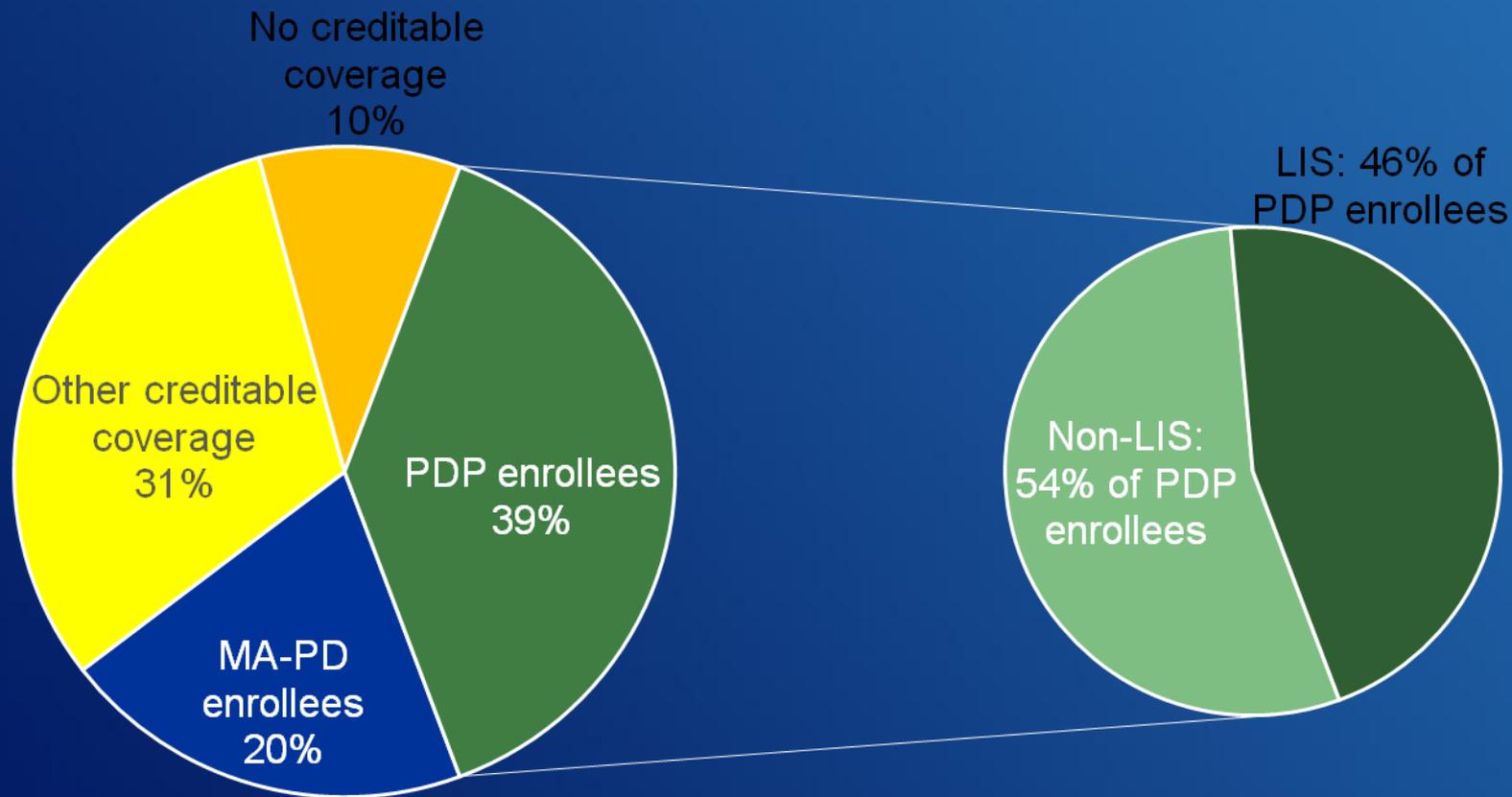
Status report on Part D

Shinobu Suzuki, Rachel Schmidt, Jaeyoung Yang
November 6, 2009

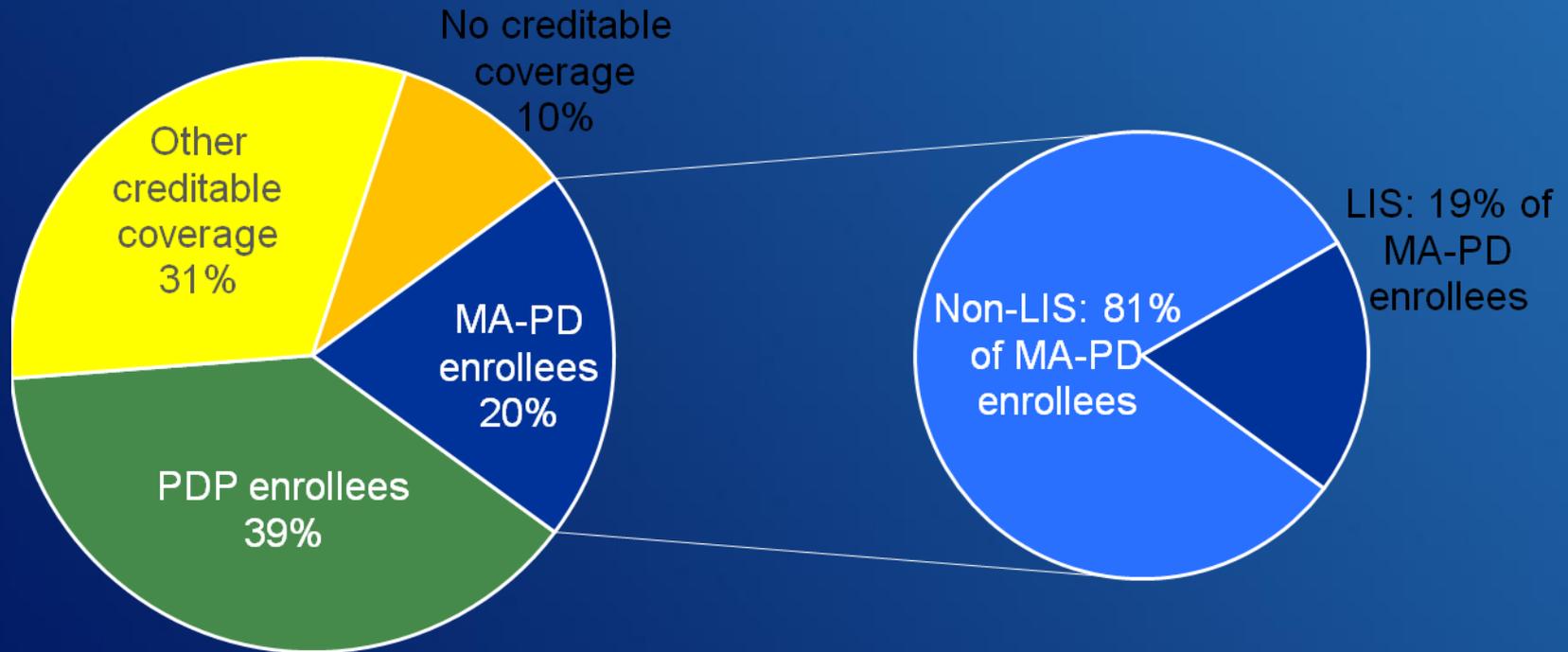
90% of beneficiaries are enrolled in Part D plans or have creditable coverage



Nearly half of PDP enrollees receive the low-income subsidy



About one in five MA-PD enrollees receive the low-income subsidy



Enrollee characteristics differ by type of plan and subsidy status, 2007

	Medicare	Part D	Plan type		Subsidy status	
			PDP	MA-PD	LIS	Non-LIS
Female	56%	60%	61%	57%	62%	59%
Race / ethnicity						
White	78%	74%	76%	71%	59%	84%
Black	10	11	12	10	20	6
Hispanic	8	10	8	14	14	7
Other	4	5	5	4	7	3
Disabled under 65	21%	23%	26%	16%	40%	12%

Part D enrollment and LIS takeup vary across regions, 2007

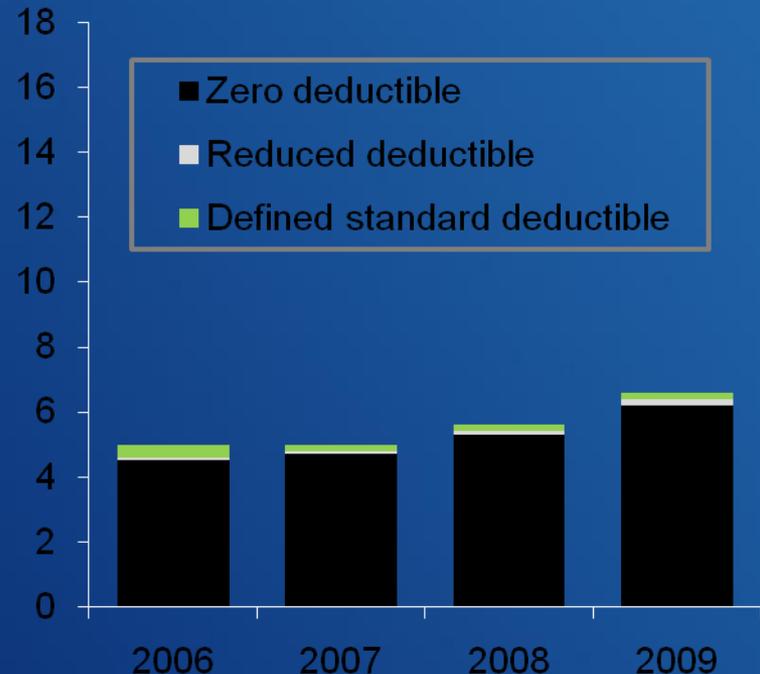
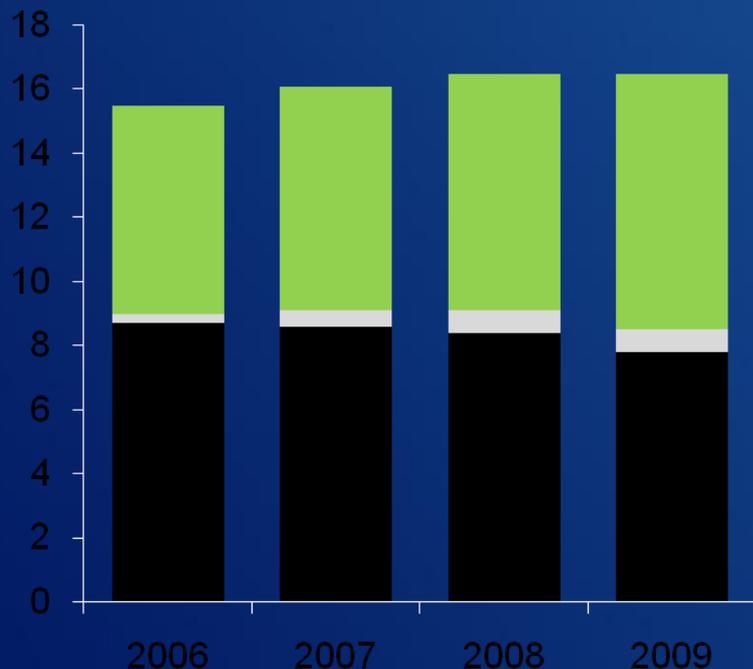
- Enrollment as a percent of all beneficiaries
 - Low of 40% in Alaska to high of 68% in California
 - Lower in regions with high takeup of Retiree Drug Subsidy
- MA-PD share of Part D enrollment
 - Low of 2% in Alaska to high of 56% in Arizona
 - Pattern consistent with general enrollment in MA
- Percent of Part D enrollees with LIS
 - Low of 28% in the upper Midwest to high of 64% in Alaska
 - Regional variation in LIS participation affected by
 - Poverty and health status
 - Eligibility criteria for Medicaid
 - Level of outreach

PDP enrollees are more likely to have a deductible

Part D enrollees, in millions

PDPs

MA-PDs

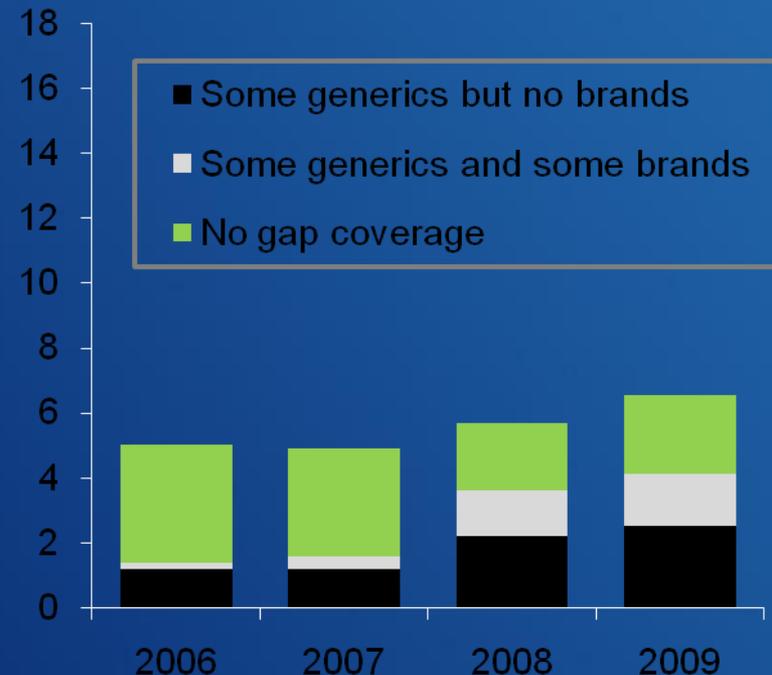
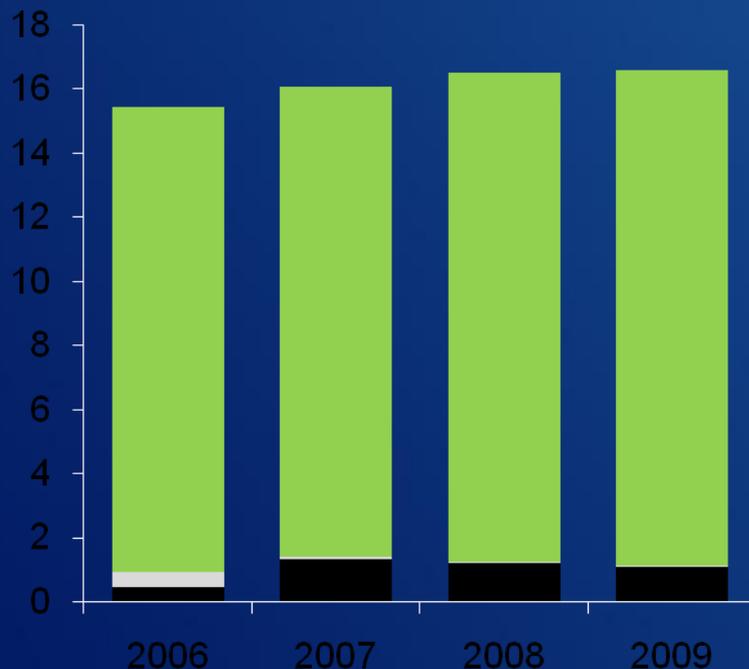


PDP enrollees are less likely to have benefits in the coverage gap

Part D enrollees, in millions

PDPs

MA-PDs



Plans offered for 2010

PDPs

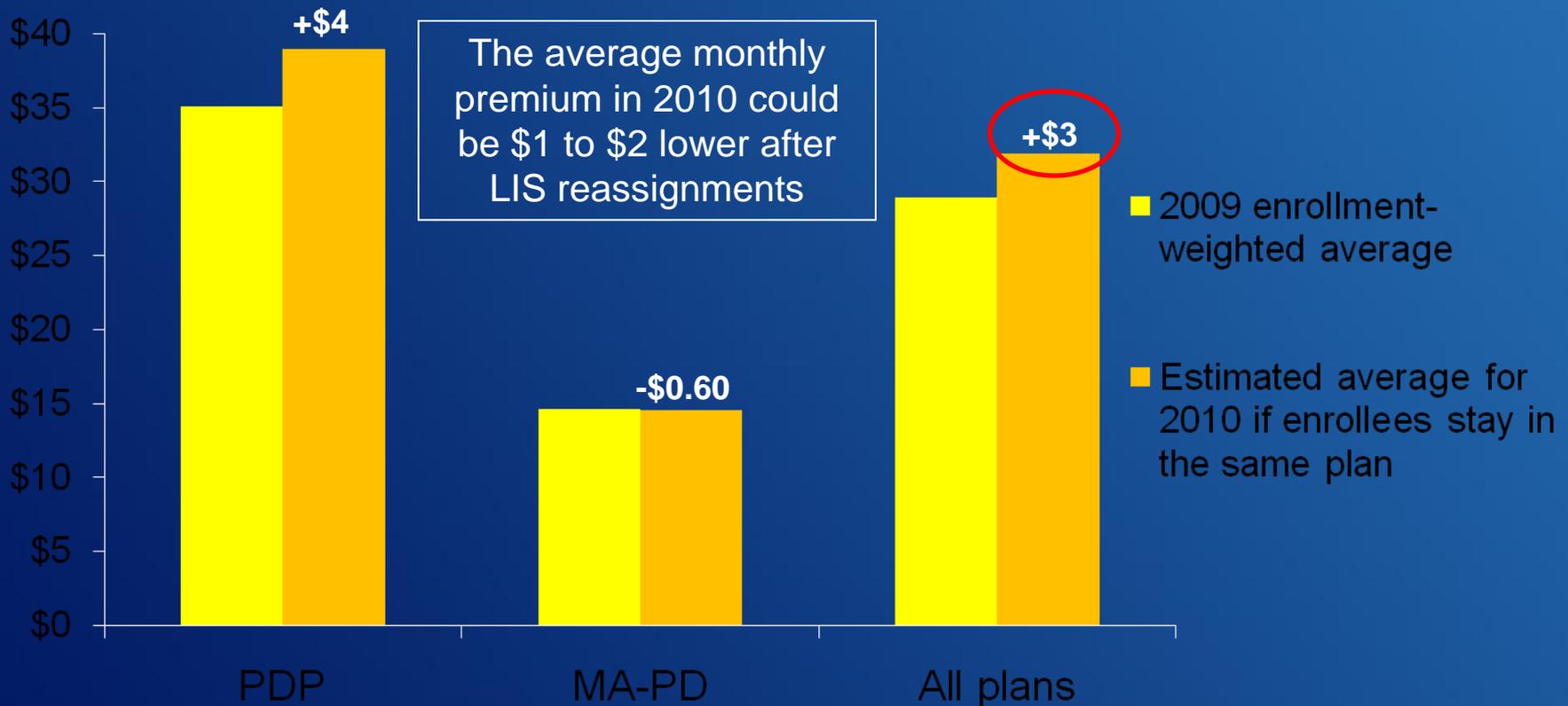
- 7% fewer plans
- Between 39 to 53 PDPs available
- 40% have no deductible
- Gap coverage
 - Offered by 20% of PDPs
 - Nearly all plans with gap coverage include some generics but no brand-name drugs

MA-PDs

- 10% fewer plans
- Drop in PFFS plans by 1/3 and continued decrease in local HMOs
- 90% have no deductible
- Gap coverage
 - Offered by 51% of MA-PDs
 - Over 40% of plans with gap coverage include some generics and brand-name drugs

On average, enrollees will pay \$3 more in monthly premiums if they stay in the same plan

Monthly premium

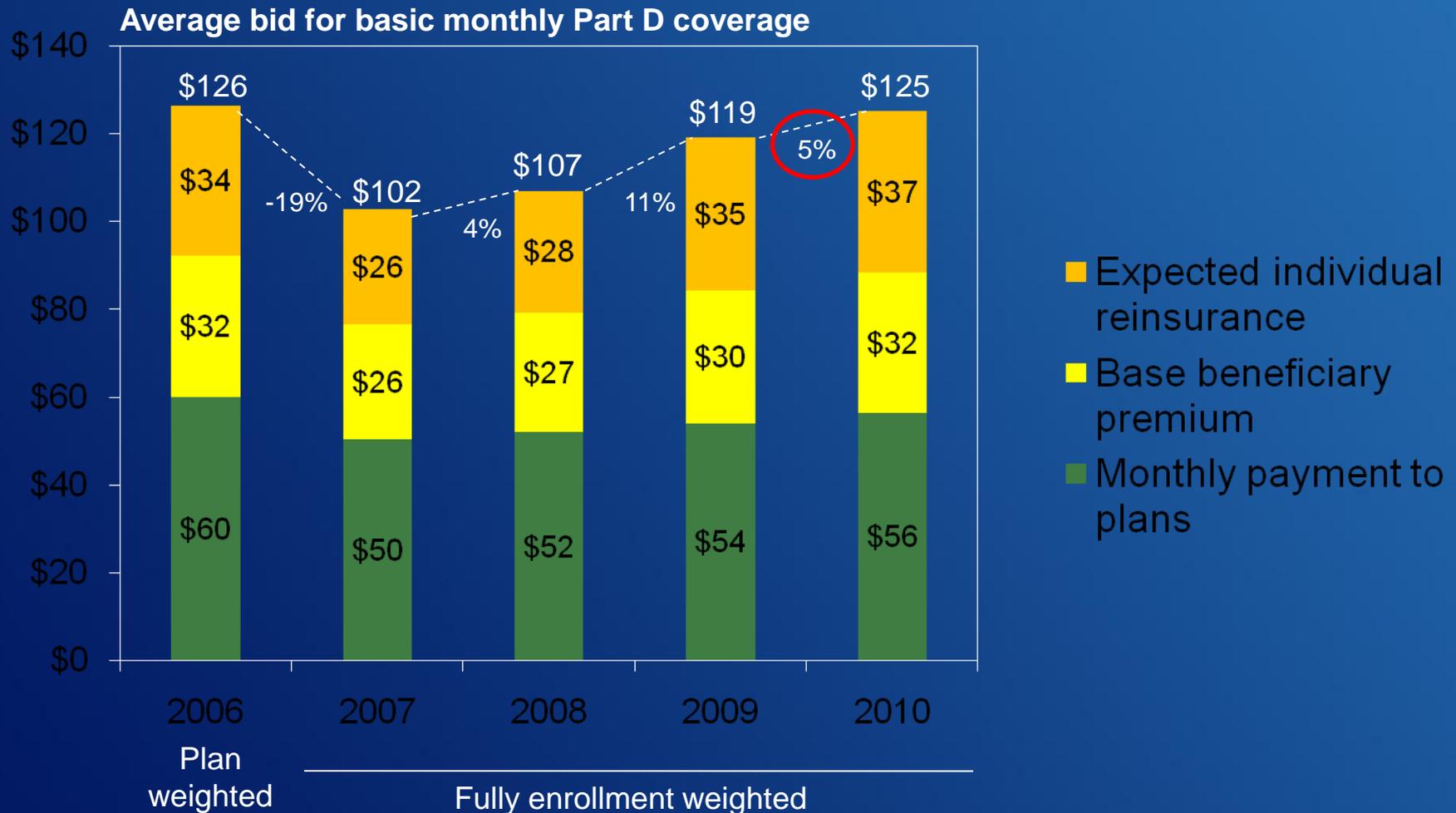


Note: Excludes employer, cost, and Part B-only plans, demonstrations, and plans in U.S. territories. MA-PD amounts are the portion of each plan's overall premium attributable to drug benefits net of Part C rebate dollars.

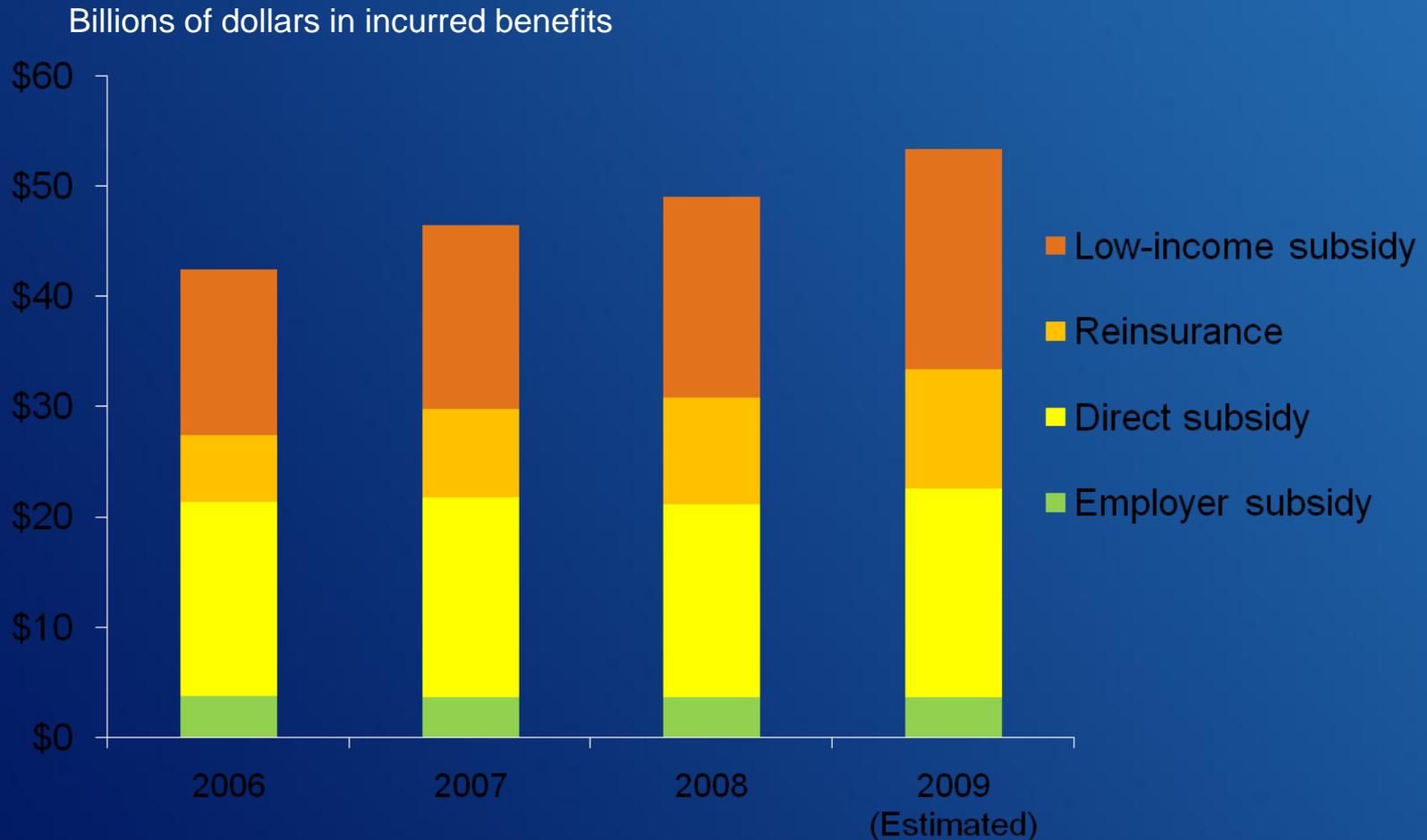
Same number of PDPs qualify as premium-free to LIS enrollees in 2010

- For 2010, CMS used demonstration authority in setting LIS thresholds
- Including effects of the demonstration:
 - 307 PDPs qualify compared with 308 in 2009
 - CMS expects to reassign LIS enrollees:
 - 1.05 million to a plan offered by a different sponsor
 - 0.1 million to plan with the same sponsor
- CMS does not reassign LIS “choosers”
 - For 2010, about 2.5 million have ever elected a plan on their own
 - Many are enrolled in plans with premiums above LIS threshold

Bids for basic Part D benefits in 2010 increased by 5%



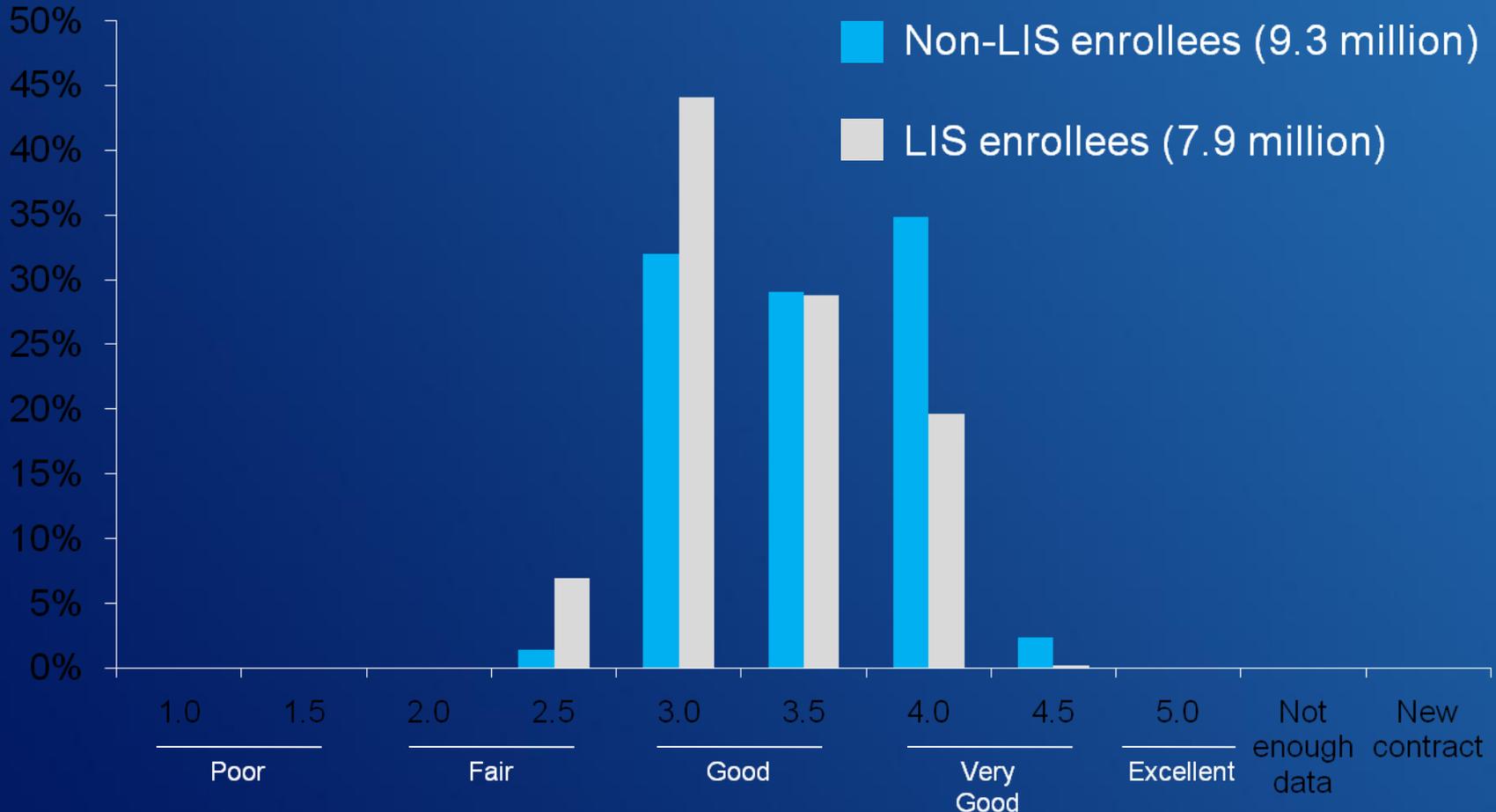
Total spending for Part D



CMS's Part D performance measures

- There are 19 measures in four categories:
 - Customer service
 - Member complaints
 - Member experience
 - Drug pricing / patient safety
- None of the metrics directly measure timely access to needed medications
- Measures of clinical quality
 - One today
 - CMS plans to release three more in fall 2009

Distribution of PDP enrollment by plan sponsors' star rating, 2009



Topics for discussion

- Growth in spending for the LIS and individual reinsurance
- Plan switching
 - LIS enrollee reassignments and choosers
 - Non-LIS enrollees
- Need for better quality measurement